



United States Department of Agriculture  
Rural Development  
Montana State Office

May 2, 2006

**MT AN No. 255  
(1944-I)**

**TO:** All Housing and Area Office Staff  
All Montana Approved 523 Grantees  
USDA, Rural Development, Montana

**SUBJECT:** Clarification of Ineligible Participants in the Mutual Self Help Program

**PURPOSE/INTENDED OUTCOME:**

This Administrative Notice (AN) provides clarification to Housing Program Staff and approved MT 523 Grantees. This clarification is provided to avoid violations of RD Instructions 1944-I, Exhibit A, Self-Help Technical Assistance Grant Agreement, sections (p) and (q).

**COMPARISON WITH PREVIOUS AN:**

This AN replaces MT AN 229.

**IMPLEMENTATION RESPONSIBILITIES:**

It is the responsibility of approved 523 grantees to comply with all provisions of the Self Help Technical Assistance Grant Agreement. It is the responsibility of all Rural Development loan approval officials to know ineligible participant criteria.

Section (p) of RD Instruction 1944-I, Exhibit A states:

*Grantee shall not hire or permit to be hired any person in a staff position or as a participant if that person or a member of that person's immediate household is employed in an administrative capacity by the organization, unless waived by the State Director."*

**EXPIRATION DATE:**

May 2, 2007

**FILING INSTRUCTIONS:**

Following RD Instructions  
1944-I

P.O. Box 850 • Bozeman, MT 59771  
Voice (406) 585-2580 • Fax (406) 585-2565 • TDD (406) 585-2562

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Rural Development is an Equal Opportunity Lender, Provider, and Employer. Complaints of discrimination should be sent to USDA, Director, Office of Civil Rights, Washington, D. C. 20250-9410

Section (q) of RD Instruction 1944-I, Exhibit A states:

*Grantee's board members or employees shall not directly or indirectly participate, for financial gain, in any transactions involving the organization or the participating families. This includes activities such as selling real estate, building materials, supplies, and services.*

Employees and family members of the grantee can not participate in, or receive financial gain from the Mutual Self Help Program. The following activities are prohibited:

- They can not obtain a 502 loan from Rural Development. If the administrative grant funds given to the grantee pay the salary of a participant in the program, this is a violation of the grant agreement.
- They can not be a party to the real estate transaction, i.e. sell the land to the buyers, be the escrow/title officer, be the appraiser, etc.
- They can not provide retail services for building materials and supplies. They can not be a subcontractor, i.e. provide concrete work.

Grantees are encouraged to disclose all potential conflict of interest situations concerning their employees or participating families. If a grantee desires to request a State Director waiver, please submit your requests through the Housing Program Director.

Questions concerning this AN should be directed to Deborah Chorlton, Housing Program Director at 406-585-2551.

W.T. (Tim) RYAN  
State Director